



# STATE OF CONNECTICUT

## DEPARTMENT OF TRANSPORTATION

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Office of the  
Commissioner

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Public Hearing – March 25, 2013  
Government Administration and Elections Committee

Testimony Submitted by Commissioner Jim Redeker  
Department of Transportation

**Written**  
**3/25/13**

**Raised H.B. 6673 - An Act Concerning the Assessment of Proposed Privatization Contracts.**

The Department of Transportation (ConnDOT) has serious concerns with Raised H.B. 6673, AAC the Assessment of Proposed Privatization Contracts.

Section 2(a) of the raised bill, as written, would essentially require ConnDOT to conduct a cost-benefit analysis for virtually any type of service that it *currently* contracts out as well as any proposed new contracting initiatives.

Up until this point, state statute has allowed ConnDOT to continue to contract for services for which it has historically contracted. For instance, the continued use of consulting services for engineering capital projects, for inspecting capital projects, for inspecting the states bridges did not require a cost benefit analysis before proceeding. The proposed language change would appear to require a halt to all such programs until a cost benefit analysis is completed and approved by the State Contracting Standards Board (SCSB) and the highest levels of State government.

Current statute essentially requires a cost benefit analysis for all potential new contract services. There is a significant and specific exception for currently contracted services. The capital construction program, the bridge inspection program, contract snow plowing, etc., would presumably come to a halt as the bill is currently drafted. The change proposed in Section 2(a) of this bill would eliminate the exception if no cost-benefit analysis had ever been done, which is for every contract currently utilized. In other words, ConnDOT would have to do a cost-benefit analysis before entering into any kind of consultant agreement if any state employees are doing that service in whole or in part.

Looking further at Section 2(a), it is unclear whether ConnDOT would have to do only one cost-benefit analysis for each type of service (e.g. construction inspection) or not. The language is phrased in terms of prohibiting ConnDOT from entering into a contract for that kind of service, unless a cost-benefit analysis for the privatization of that kind of service "under circumstances not materially different from the current circumstances" met the standards of 4e-16. The exception added for services costing less than \$50,000 would rarely apply at ConnDOT.

The current statute has provisions by which the SCSB can order a cost benefit analysis of an *existing* contract process (without stopping the process in the interim).

Also very troubling is Section 2(q), which indicates that any contract entered into or renewed after 7/1/2013 without complying with the provisions of 4e-16 (the cost-benefit analysis requirement) shall be void. This could mean that ConnDOT must quickly complete whatever cost-benefit analyses are required or risk not being able to contract out and having any contracts we did enter (without the cost-benefit analysis done) be voided. Again, it appears as though every currently contracted service would have to come to a halt.

To summarize, ConnDOT is very concerned with Raised H.B. 6673 – in particular, Sections 2(a) and 2(q) as written - because there would likely be a negative impact on productivity and many cost-benefit analyses would need to be completed on a wide range of existing contracted programs. This could result in ConnDOT being at risk of losing Federal-aid funds.

As currently drafted in this proposed legislation, Conn DOT could be unduly burdened by creating additional processes to be completed. There is no remedy available to the Department allowing it to self-perform all services currently contracted, now or in the future regardless of the outcome of a cost benefit analysis.

ConnDOT is also greatly concerned about, and does not understand, the purpose and definitions of "reimbursable personal services" and "accumulated post-employment liabilities." While we do have some ideas as to the definitions and the intent of Section 2(e)(2), we respectfully request additional information be provided before we comment on these proposed additions.

The Department would like the opportunity to further discuss and work with the Government, Administration and Elections Committee to better understand the need and intent of this legislation

For further information or questions, please contact Pam Sucato, Legislative Program Manager for the Department of Transportation, at (860) 594-3013 or [pamela.sucato@ct.gov](mailto:pamela.sucato@ct.gov).